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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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Israel Radio, The Jerusalem Post's web site, and the English-language version of the leading Internet news site Ynet quoted Secretary of State Condoleezza Rice as saying on Wednesday, in testimony before a House subcommittee that controls foreign aid,

that the Bush administration will reduce a proposed USD 86-million security assistance package to the PA government in an effort to see that none of the money ends up with forces loyal to Hamas. Secretary Rice was quoted as saying that she would soon send

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Congress a revised package that will ensure only security elements loyal to PA Chairman [President] Mahmoud Abbas receive the aid. Israel Radio said that the revised aid would amount to USD 50 million. The media quoted Rice as saying that the inclusion of Hamas in the government posed a challenge to Middle East peacemaking because of its refusal to recognize Israel and reject violence to achieve its aims. The Secretary was quoted as saying: "Frankly, the formation of the Palestinian unity government has provided something of a challenge," she said. "The United States is not prepared to change its assistance policies toward this government because it does not recognize those foundational principles," Rice clarified. Media quoted Secretary Rice as saying that the US remained committed to peace and would carry on contacts with Abbas. She was quoted as saying that her trip to the region, starting Friday, would demonstrate that. Ynet cited AP as saying that the Secretary Rice demanded the end of Palestinian incitement against Israel. Yediot reported that, in addition to Secretary Rice, many foreign officials will visit Israel and the PA last week, including UN Secretary-General Ban Ki-moon, German Chancellor Angela Merkel, and

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other senior EU officials.

The Jerusalem Post reported that more than half of the US House of Representatives sent a letter to EU policy chief Javier Solana, which he received on Tuesday afternoon, calling for Europe to stand firm in refusing aid to the new Palestinian unity government. The Jerusalem Post wrote that the letter, given to Solana during a visit with the House's Foreign Affairs Committee, had been signed by 253 representatives, according to the office of Congressman Robert Wexler (D-FL).

The leading Internet news site Ynet quoted senior GOI officials in Jerusalem as saying on Wednesday: "The Arab nations must understand that the right of return is a red line as far as Israel is concerned." The Yediot-affiliated site noted that PM Ehud Olmert expects that the Arab League Summit in Riyadh will lead to significant changes in the Saudi peace initiative, including dropping the right of return clause. "Arab nations seeking to advance the Middle East peace process must remove the right of return from the equation," the state officials were quoted as saying. Ynet reported that officials in Jerusalem made clear that Israel considers the right of return a "nonstarter demand." According to them, as long as Arab nations demand the right of return, no progress can be made. The other difficult issues, the 1967 borders and East Jerusalem, are open for discussion, but not the return of Palestinian refugees to the Green Line. The officials were quoted as saying that, despite Israel's decision to refuse to cooperate with the Hamas-led Palestinian unity government, the Saudi initiative is still open for consideration: "As the Prime Minister said, there are positive elements to this initiative, and we are willing to seriously consider it. But everything depends on everything. There is the matter of the Hamas government, which the government decided to boycott, and there is the Saudi initiative, which needs amending. One issue cannot progress without the other."

Israel Radio and Yediot reported that on Wednesday, in a telephone consultation, the Quartet stated that the Palestinian unity government does not abide by the Quartet's terms. The media cited Israel's satisfaction with the declaration.

The Jerusalem Post quoted Israeli officials as saying that both the proposed new UN sanctions against Iran and the recent Russian unhappiness with Iranian failure to stop uranium enrichment were positive signs. The newspaper quoted a senior government official said in reference to Russia: "It is an encouraging sign when a major player puts strategic issues before economic interests." He said that the same could be applied to the Europeans, who have begun implementing the sanctions called for by US Security Council Resolution 1737, as well as some parallel economic steps led by the US aimed at the Iranian economy. The official, however, would not say whether he believed this would change Iran's decision regarding its nuclear program. "It's hard to gauge Iranian behavior," the official was quoted as saying.

In its lead story, Yediot reported that IDF Chief of Staff Lt. Gen. Gabi Ashkenazi told the cabinet on Wednesday that the rehabilitation of the IDF will take a long time. All media reported that on Wednesday last summer's war in Lebanon was officially named the "Second Lebanon War."

The Jerusalem Post and other media quoted UN officials as saying on Wednesday that international aid to the Palestinians grew from about USD 1 billion in 2005 to more than USD 1.2 billion in 2006, despite a boycott of the Hamas-led PA government.

Dr. Mustafa Barghouti, the new PA Information Minister, was quoted as saying in an interview with Ha'aretz that relations between Israel and the Palestinians must be based on full reciprocity.

Ha'aretz reported that the state has not yet formulated its official stance on the occupation of a Hebron building by hundreds of Jewish settlers on Monday evening. The defense establishment is still waiting to hear its legal advisers' positions before taking action. Ha'aretz wrote that IDF sources told the newspaper on Wednesday that this could take up to 14 days. In an unrelated development, Ha'aretz cited a contention by the IDF that a settler community on a military base in Hebron is "in line with the army's needs." The IDF was quoted as saying that the settlers are living on the Plugat Hamitkanim base temporarily, but the community has been there for 16 years. The base is next to Beit Hadassah, a settler quarter in the city, and is used by the infantry company that defends the region, as well as several settler families who live in mobile homes. Ha'aretz said that Peace Now has complained to OC Central Command Yair Naveh, saying that civilians should not be allowed to live on an IDF base and that there is no justification for them to do so. The newspaper wrote that the Central Command has told Peace Now that the base was captured in 1983 "for security needs and not for settlement needs." "Nonetheless," the army was quoted as saying, "in 1991 the Justice Ministry handed down an opinion determining that the military commander can allow Israeli inhabitants, including civilians, to enter the territory, for temporary residence, if and to the extent that it is in line with military needs there."

The Jerusalem Post reported that on Wednesday the High Court of Justice ordered petitioners against the Citizenship and Entry into Israel (Temporary) Law to wait until the Knesset amends the legislation and to then submit new petitions that address the law.

Ha'aretz reported that the Association for Civil Rights in Israel is calling on the Defense Ministry to examine the legality of preventing Palestinians from accessing Route 60, a main road in the southern Hebron Hills area of the West Bank.

The Jerusalem Post reported that a former airport security examiner told the newspaper that ethnic profiling is an unfortunate but crucial element in the security checks of passengers at Ben-Gurion and other airports.

Ha'aretz reported that, reversing an earlier stance, former PM Ehud Barak has told associates in recent weeks that he would not join the government unconditionally.

Ha'aretz reported that victims of terror and their families could sue the Postal Bank, a state institution slated for privatization, for monetary compensation under the law prohibiting the financing of terror. An investigation by Ha'aretz reveals that in recent years the bank has transferred hundreds of millions of shekels to security prisoners convicted of terror activity and serving their sentences in Israel. The issue in question is funds from the PA, which supports the prisoners. The funds are officially defined as support for families of prisoners, but according to indications that Ha'aretz has obtained from prisoners, a substantial portion of this money remains with prisoners and their leaders behind bars.

Yediot quoted veterans of the Shaked Commando, which an Israel TV documentary had said killed Egyptian soldiers during the Six-Day War, as saying that Olmert and FM Tzipi Livni left them alone to confront Egyptian incitement.

The media continued to report on the police investigation of Finance

Minister Abraham Hirschson, who is suspected of embezzlement. Ha'aretz and Israel Radio reported that Attorney General Menachem Mazuz/the Justice Ministry may suspend Hirschson. Maariv reported that the police are investigating the possibility that Hirschson bribed an unnamed senior political figure.

Hatzofe reported that the heads of several faction heads in the Knesset (National Union - National Religious Party; Meretz; Shas; and the Pensioners' Party), as well as MKs Danny Yatom (Labor) and Robert Elituv (Yisrael Beiteinu), have called on Olmert to act toward the release of convicted spy Jonathan Pollard, who has been in US jail for over 20 years.

Yediot reported that crime kingpin Zeev Rosenstein will apparently be returned from Miami to Israel next week to serve the rest of his prison sentence here.

Yediot reported that Israeli billionaire Yitzhak is buying Las Vegas' New Frontier Hotel for the sum of USD 1.5 billion.

The media reported that an 8-hour nationwide strike in the public sector ended on Wednesday after the government promise to disburse the unpaid salaries of local council employees. Ha'aretz cited the belief of business sector representatives that the cost of the industrial action was 170 million shekels (around USD 40.5 million).

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Mideast:  
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Summary:  
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Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz: "Olmert is unpopular not due to poor public relations, as he claims, but due to his lack of a compass."

Columnist Ari Shavit wrote in Ha'aretz: "An Israeli initiative ... will not bring an end to the conflict.... But it will create a gradual change in the situation that will indicate a direction that Israelis and Palestinians should follow."

Contributor Yonatan Yavin wrote in the mass-circulation, pluralist Yediot Aharonot: "The problem does not lie with Israel's image, but in its perception. Any public relations deriving from the latter would be faulty."

Contributor Guy Maayan wrote in the popular, pluralist Maariv: "Principle acceptance of the Saudi initiative does not contradict an unbending rejection of the right of return."

Veteran journalist Alexander Zvielli wrote in the conservative, independent Jerusalem Post: "Let me appeal to the people of Norway: Tell your government that Israel has a right to live in peace and security. And that to do so, the Palestinian government must [abide by the terms of the Quartet]."

Block Quotes:  
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## II. "Giving Up the Goal"

Diplomatic correspondent Aluf Benn wrote in the independent,

left-leaning Ha'aretz (3/22): "The Israeli public, which gave Olmert and his party limited credit even in the elections, sees the confusion at the top and is reacting with disapproval in the polls. Olmert is unpopular not due to poor public relations, as he claims, but due to his lack of a compass. Israelis want to understand where he is leading them, if at all. What does he want? Has he given up the division of the country in favor of a renewed partnership with the settlers? Is Israel on the way to another war in the territories? Have the demographics changed and the threat to Zionism been removed?.... Olmert's problem is that given the failure in Lebanon and the widespread scandals and corruption among the country's leadership, it is hard for him to convince anyone he still has some cards up his sleeve.... The time has come for him not to

give the public excuses for what was, but to say where we are going from here. How we can promote the worthy goal of saving Zionism, which he posited when he came to power? If he has given up on it, he should say so and resign. But if the demographic danger is still threatening Israel, Olmert must show how he will stop it in the time his government has left. If he continues to hesitate, he will go down in history as a footnote who spent time on the job between a failed war and serial investigations."

## II. "A Creative Israeli Initiative"

Columnist Ari Shavit wrote in Ha'aretz (3/22): "The internal Palestinian agreement, the pan-Arab initiative, and the new Haniyeh government are decisively demanding the right of return. The demand for the right of return does not accord with an end to the conflict.... What is needed now is not Israeli enslavement to a false international discourse totally divorced from reality. What is needed is a courageous, creative and sober Israeli initiative that offers thinking out of the box. The Israeli initiative must have four aspects: Israeli willingness to carry out a limited withdrawal in Judea and Samaria [i.e. the West Bank] even without a peace agreement; Palestinian willingness to turn the settlements Israel evacuates into rehabilitation sites for Palestinian refugees; commitment by the moderate Arab quartet to fund the rehabilitation of the refugees and to guarantee that the rehabilitation sites will not become bases for terror; and renewed international recognition of Israel as a Jewish and democratic nation state that solves the problem of Jewish refugees in exactly the same way the future Palestinian state will solve the problem of Palestinian refugees. An Israeli initiative in this spirit will not bring an end to the conflict.... But it will create a gradual change in the situation that will indicate a direction that Israelis and Palestinians should follow. It will prove that Israel is giving up the ethos of settlement while the Palestinians are beginning to move beyond the ethos of the return. It will prepare the awareness of two tortured nations for a genuine historical compromise. It will oblige Egypt, Saudi Arabia and Jordan not only to preach reconciliation but to take responsibility for what the strategy of reconciliation actually requires. This is the right thing the moderate West, the moderate Arabs, and the moderate Israelis can do during this difficult time in the face of the rise of extremism."

## III. "The Entire World Is Against Us"

Contributor Yonatan Yavin wrote in the mass-circulation, pluralist Yediot Aharonot (3/22): "Even in the United States, 'our greatest friend,' the boycott imposed on the Palestinian unity government lasted no longer than the time it takes to swallow a Big Mac. At UN Headquarters in New York, the red carpet to welcome the 'modern Hitler,' our pal Mahmoud Ahmadinejad, is being woven. These are only two blatant, but definitely not unique, examples of the erosion of the world image of Judaism and Israeliness.... What needs be done? First of all, [Israel must exercise] maturity, and change its psychological-national perception. It must get out of the square of a people whose life is dictated by circumstances, and claim responsibility fitting a nation among nations. We should stop comparing ourselves to the Palestinians in the style of 'Who's right?' because we are a nation -- and what are they? What is certainly not required is to dispatch the local Condoleezza -- Tzipi Livni.... The problem does not lie with Israel's image, but in its perception. Any public relations deriving from the latter would be faulty."

## IV. "Who Is Afraid of the Saudi initiative?"

Contributor Guy Maayan wrote in the popular, pluralist Maariv (3/22): "The primary goal of the current Saudi initiative is to curb the destabilization of the regional order.... Principle acceptance of the Saudi initiative does not contradict an unbending rejection of the right of return.... [Israel] must make it abundantly clear that its acceptance does not contradict the fight against terror. Israel should even demand the integration of moderate elements like Turkey and the World Bank, and, obviously, demand guarantees from the US administration regarding the character of the permanent status and a further upgrading of relations with the US. Acceptance, however hesitant and reserved, would assist the fight against Iran more than any populist utterance."

#### IV. "Norway's Dash For Gaza"

Veteran journalist Alexander Zvielli wrote in the conservative, independent Jerusalem Post (3/22): "Why was Raymond Johansen, the Norwegian Deputy Foreign Minister, in such a hurry to be the first European representative to meet Ismail Haniyeh, the prime minister of the new Palestinian unity government in Gaza?.... I consulted my old files in our archives to see whether they would help me fathom Norway's rush to Gaza. Here's what I came upon. It was Norway that, during World War II, produced the original Quisling -- Vidkun Quisling.... The very name 'Quisling' still stands for a betrayal.... Now, after over 2,000 Israelis perished or were maimed by the Palestinian terror which came in the wake of Oslo, the very name 'Oslo' has become anathema to most Israelis.... As long as Europe allows the Arabs to fantasize about "the right of return" there can be no end to this conflict. But this message has failed to reach the consciences of the Norwegian government. So let me appeal to the people of Norway: Tell your government that Israel has a right to live in peace and security. And that to do so, the Palestinian government must recognize the agreements signed between Israel and the PLO; must renounce the threat and use of terrorism against Israelis; and must recognize the right of the Jewish people to live as a sovereign nation in the Middle East."

JONES